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BY EMAIL

April 21, 2020

Syed Mir
VP Corporate Services & CIO
London Hydro 111 Horton Street,
London, ON N6A 4H6
mirs@londonhydro.com

Dear Mr. Mir:

Re: London Hydro's Regulated Price Plan Pilot (Board File No. EB-2016-0201)

I am writing to advise that the Ontario Energy Board (OEB) has accepted London Hydro's Final Results Report for its Regulated Price Plan pilot project, as submitted to the OEB on April 21, 2020. Further detail regarding the process and expectations associated with the OEB's review of the Final Results Reports is set out in the OEB's November 14, 2018 and July 31, 2019 letters. As set out in these letters, London Hydro's Final Results Report has been made public.

The payment associated with the Final Results Report (Milestone 2), as stated in Schedule B of the agreement with the Independent Electricity System Operator (IESO), is the remaining payment of actual project cost or true up of any overpayment.

To determine this payment amount London Hydro will submit final costs and invoices as will be requested by the OEB's Inspection and Enforcement Department in due course. This process will be a continuation of the inspection initiated by the OEB's Inspection and Enforcement Department via a letter dated September 18, 2019. Once the final payment amount is determined and approved by the OEB a letter will be sent to the IESO requesting that it settle payment with London Hydro for the contribution amount associated with the Final Results Report.

In June 2018, London Hydro informed OEB staff that it had incurred unforeseen expenses and anticipated that costs would exceed its approved budget. In response the OEB issued a letter on July 31, 2018 stating that, "The OEB has determined that it will not approve an increase in the project budget at this time. However, the OEB is prepared to consider the prudence of spending in excess of the approved budget upon

approval of the Final Results Report if and to the extent that London Hydro has been unable to find cost savings to offset such incremental spending.” London Hydro was subsequently unable to offset this additional spending and in October 2019 provided the OEB with notice of additional overspend.

In accordance with direction from the Minister of Energy to the IESO in December 2016, funding for RPP Pilots was to be paid out of the IESO’s Conservation Fund. As you may be aware, the Conservation Fund was discontinued by Directive of the Minister of Energy, Northern Development and Mines dated March 21, 2019. While approved contract amounts can still be paid, the OEB understands that the IESO has no ability to provide a payment to any contract counterparty in excess of the Approved Maximum Budget.

Accordingly, the OEB is in no position to approve recovery from the IESO of any amount greater than the \$2.371M initially approved for London Hydro’s RPP pilot. Therefore the OEB has determined that the accompanying spending review to be conducted by the Inspection and Enforcement Department focus on costs incurred relative to the initially approved budget maximum. It sees no benefit in London Hydro investing additional resources in demonstrating costs above this level.

The determination of the final payment amount shall be determined following the OEB inspection of project costs.

Sincerely,

Original signed by

Mary Anne Aldred
Chief Operating Officer & General Counsel